

## Message Text

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PAGE 01 DACCA 02577 261259Z

ACTION EB-08

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E.O. 11652: N/A

TAGS: EINV, BG

SUBJ: COMPENSATION FOR NATIONALIZED U.S.-OWNED INSURANCE FIRMS

REFS: (A) 77 STATE 218371, (B) 77 DACCA 3067, (C) 77 DACCA 5702,

(D) 77 STATE 254413

1. SUMMARY. BRITISH COMMERCIAL ATTACHE BURGESS INFORMED EMBOFF APRIL 20 THAT U.K. DEPARTMENT OF TRADE HAS INQUIRED ABOUT THE POSSIBILITY OF A JOINT APPROACH TO THE BDG BY THE U.K., U.S., AUSTRALIAN AND NEW ZEALAND MISSIONS ON BEHALF OF INSURANCE COMPANIES IN THEIR RESPECTIVE COUNTRIES WITH NATIONALIZATION CLAIMS AGAINST THE BDG. WE ARE PREPARED TO JOIN IN A JOINT DEMARCHE IF U.S. COMPANIES WISH, BUT BEFORE WE DO SO WE BELIEVE COMPANIES SHOULD RESTATE THEIR CLAIMS TO THE BDG IN LIGHT OF 1977 RULES OF COMPENSATION. END SUMMARY.

2. BURGESS SAID THE FIRE OFFICES COMMITTEE (FOC), WHICH HAS BEEN HANDLING CLAIMS ON BEHALF OF COMPANIES IN THE FOUR COUNTRIES, INFORMED THE U.K. DEPARTMENT OF TRADE THAT IT REJECTED THE BDG RULES OF COMPENSATION PUBLISHED IN 1977 SINCE THESE DO NOT COMPENSATE FOR LOSS OF MANAGEMENT CONTROL AND GOODWILL. THE U.K. SECRETARY OF TRADE CONVEYED THIS MESSAGE TO BDG ADVISER FOR COMMERCE SAIFUR  
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PAGE 02 DACCA 02577 261259Z

RAHMAN IN LONDON IN 1977. HOWEVER AS FAR AS BRITISH HIGH COMMISSION AND EMBASSY ARE AWARE, THE FOC HAS NOT MADE A FORMAL REPRESENTATION TO THE BDG ON BEHALF OF THE COMPANIES SINCE IT SUBMITTED THE COMPANIES' CLAIMS IN 1973.

3. DEPARTMENT'S REF (D) REPORTED THAT U.S. COMPANIES

AFIA AN AIU WERE COORDINATING THEIR EFFORTS WITH U.K. INSURANCE COMPANIES BUT HAD NOT DEVELOPED A STRATEGY FOR PURSUING CLAIMS FOLLOWING PUBLICATION OF THE BDG'S RULES OF COMPENSATION WHICH REJECT COMPENSATION FOR GOODWILL. (WE UNDERSTAND THAT NET ASSET VALUE OF U.S. COMPANIES, NOT COUNTING GOODWILL, WAS NEGATIVE.) ACCORDING TO REF (D) U.S. COMPANIES PLANNED TO CONTACT THE BDG EMBASSY IN WASHINGTON AND THE U.K. COMPANIES.

4. EMBOFF ADVISED BURGESS THAT WE WOULD JOIN WITH U.K., AUSTRALIA AND NEW ZEALAND IN A JOINT DIPLOMATIC APPROACH TO THE BDG (1) IF U.S. COMPANIES DESIRE THIS, AND (2) IF THE COMPANIES, INDIVIDUALLY OR THROUGH THE FOC, RESTATE THEIR CLAIMS TO THE BDG IN LIGHT OF THE 1977 RULES OF COMPENSATION.

5. ALTHOUGH THE BDG HAS BEEN UNYIELDING ON ADEQUATE COMPENSATION IN THE PAST, THERE ARE TWO REASONS WHY IT MIGHT BE ADVANTAGEOUS FOR THEM TO SETTLE WITH THE COMPANIES: (1) MANY BANGLADESHIS HAVE POLICIES WHICH THE FOREIGN COMPANIES HAVE REFUSED TO HONOR UNTIL THEY ARE ADEQUATELY COMPENSATED; AND (2) THE FOREIGN COMPANIES MIGHT BE WILLING TO SERVE AS AGENTS FOR THE BDG STATE INSURANCE COOMPANIES IN THE U.S., U.K. AND ELSEWHERE WHERE BDG TRADE AND COMMERCIAL ACTIVITIES REQUIRE SIGNIFICANT INSURANCE SERVICES. WE DO NOT KNOW IF THESE CON-

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PAGE 03     DACCA 02577 261259Z

SIDERATIONS CARRY ANY WIEIGHT WITH THE BDG.

6. ACTION REQUESTED: PLEASE SOUND OUT U.S. COMPANIES AIU AND AFIA ABOUT THE U.K. PROPOSAL FOR A JOINT DEMARCHE BY U.S., U.K. AND PERHAPS OTHER EMBASSIES TO THE BDG TO ENCOURAGE A SETTLEMENT OF CLAIMS IN ACCORDANCE WITH INTERNATIONAL STANDARDS. WE SUGGEST U.S. COMPANIES UPDATE AND RESTATE THEIR CLAIMS (AS REF D INDICATED THEY WERE PLANNING TO DO) IN COLLABORATION WITH U.K. COMPANIES. THIS WOULD PROVIDE A NECESSARY BASIS FOR A NEW DIPLOMATIC APPROACH TO THE BDG ON BEHALF OF THE COMPANIES.

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## Message Attributes

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